



*Administrator*  
Washington, DC 20201

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter about the status of account transfers from the Federally-facilitated Marketplace (FFM) to state Medicaid programs.

As you note, the Affordable Care Act creates a seamless process by which individuals can complete one application, submit it to a Marketplace, Medicaid or Children's Health Insurance Program (CHIP) agency, and have those programs coordinate with one another to reach a decision about whether an individual is eligible and for what program. For those states operating State-based Marketplaces, we have worked hard to support operational and technical designs that maximize sharing of functionality and minimize hand offs between the three programs, including the use of a shared eligibility service. Such approaches promote one-stop shopping, reduce federal and state costs, increase the speed of decision making, and reduce burden on the consumer.

For a state relying on the FFM, there is necessarily a hand-off of application information from the federal government to the state when the FFM makes a decision that an applicant should be served by Medicaid or CHIP. When the FFM receives an application and decides that an applicant is, or could be, eligible for Medicaid or CHIP (or the individual wants a full determination from Medicaid regardless of the FFM's decision), the FFM transfers the information to the state for completion of processing and enrollment. The transfers include all of the information provided on the application as well as any verification of eligibility factors obtained through the initial processing. In this way, the applicant does not need to re-submit information and the receiving agency (the state Medicaid or CHIP agency) does not have to repeat verifications already done.

To make this handoff work between the federal government and 36 state systems, all with different system architectures, technical attributes, and business processes, both the FFM and states needed to develop an "account transfer" function in order to send and receive files accurately and securely. In the months leading up to October 1, we worked closely with states to complete the specifications for this account transfer function.

The ability to transfer accounts depends on the readiness of both FFM and state functionality. Based on an assessment of FFM functionality readiness, we initially announced to states on September 9, 2013, that the FFM would be prepared to begin sending account transfers to any state ready to receive them on November 1. Based on extensive consultation with states, we know that state readiness varies, depending on states' development schedules.

On October 22, I advised states that the FFM will go live with sending outgoing account transfers after completion of the priority system changes now underway. We have been engaged in testing with any state that is ready to do so. We have prioritized resolving account transfer issues and anticipate the functionality to be in place shortly. We are now working with each state to assess their readiness to receive these files. Some will be ready just as soon as we make the functionality available; others will not be. We are in discussion with states daily on their status.

As an interim strategy and in anticipation of the full account transfer functionality going online, we worked with states, navigators and community assistors on "better door" assistance and messaging: for consumers who were wondering where to initiate their application process (with the FFM or their state's Medicaid or CHIP agency), the use of some initial questions (for example, about roughly estimated annual income) could increase their chances of selecting an initial "door" to coverage that would avoid the need for an account transfer.

The CMS also developed a system by which we would send to state agencies weekly files with the names and addresses of individuals who are determined or assessed as Medicaid or CHIP eligible by the FFM or those who specifically requested a full determination by the Medicaid or CHIP program. The first transfer of this information occurred on October 16, 2013, and as of December 2, just over 494,000 individuals across all FFM states were included in these files. These files have allowed states to anticipate the number of applications coming their way and, if individuals contact their state call centers, to positively affirm that their application has been received and processed by the FFM and will be transferred to the state agency.

On November 29, we advised states that we will be enhancing the information available in these weekly file transfers so that they can enroll individuals assessed or determined eligible by the FFM using the information provided through the files. This flexibility will ensure that enrollment can be effectuated in a timely way for individuals without regard to file transfer system issues at either the federal or state level; we anticipate that this option could be helpful for states that are continuing to refine their ability to receive account transfers, even after the FFM functionality is launched. It will also help states pace their workload with respect to enrollment of individuals who have applied through the FFM.

I assure you that we are very much aware of the need for a fully functional account transfer system and the importance of assuring that people who apply prior to December 23 will have coverage effective January 1, 2014. I can also assure you that the transfer delays will not affect or impair the accuracy of the determinations. There is nothing about the account transfer process

that puts the accuracy of those determinations in question and neither the FFM nor, to our knowledge, the states have in any way modified the rules and procedures – including a system for states to conduct targeted post – eligibility error rate reviews-for assuring accurate, final eligibility determinations.

Our partnership with states is critical to us; it is built upon openness and focused on continuous improvements. I want to assure you that getting individuals access to the coverage they are eligible for in state Medicaid and CHIP programs is a key part of the Marketplace's job and of our definition of success. Please do not hesitate to contact me with any further thoughts or concerns. I will also provide this response to the co-signers of your letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Marilyn Tavenner". The signature is written in a cursive, flowing style with some loops and flourishes.

Marilyn Tavenner